

# 2007 Plan Year

## More Options for Kentucky Employees Health Plan Members



# What's new for 2007

- Commonwealth Select Option
- Change Flexible Spending Account (FSA) waivers to Health Reimbursement Account (HRA)
- Eligible OTC drugs will be covered under FSA and HRA
- Waivers will receive \$175 per month into HRA

# Commonwealth Select

- What is it?
  - The Commonwealth Select is a Consumer Driven Health Plan with an HRA.
  - The HRA is a healthcare “expense account” that is funded by the employer. Employees CANNOT contribute to an HRA.

# Commonwealth Select

- The Commonwealth Select Option combines a PPO with a “spending account” funded by the Commonwealth
  - Use it to pay for covered medical costs like pharmacy charges and physician expenses
  - “Spend” your HRA money with the HumanaAccess<sup>SM</sup> Visa<sup>®</sup> card
  - Your HRA “pays down” the deductible
  - You will be able to carry over unused dollars to the next year if you remain with Commonwealth Select
  - Compared to typical medical plans, you may pay less out of your paycheck and more for the deductible with Commonwealth Select

# HRA

- Embedded HRA
  - Offered in conjunction with Commonwealth Select (a new 4<sup>th</sup> Option)
  - Funded with employer money only
  
- Stand alone HRA
  - Available only to employees who waive health insurance
  - Funded with employer money only

(Humana materials may refer to an HRA as a Personal Care Account (PCA))

# FSA vs. HRA

FSA	HRA (For Waivers Only)	Commonwealth Select (High Deductible Health Plan with HRA)
Employee Only Money	Employer Only Money (\$175 per month)	Employer Funds HRA Single - \$1,000 Couple - \$1,500 Parent Plus - \$1,500 Family - \$2,000
Dental and Vision Reimbursed	Dental and Vision Reimbursed	Dental and Vision Reimbursed*
Eligible Over-the-Counter expenses reimbursed	Eligible Over-the-Counter expenses reimbursed	Eligible Over-the-Counter expenses* reimbursed
Use it or Lose it	Carry Over (same plan) if you remain in the same plan	Carry Over (same plan) if you remain in the same plan
Health Care and Dependent Care FSA is available		

\*Does not count toward deductible or out-of-pocket maximum

# Commonwealth Select Benefits

	In-Network	Out-of-Network
<b>Deductible</b>		
Single	\$2,000	\$2,000
Family	\$3,000	\$3,000
<b>Out-of-Pocket Maximum</b>		
Individual	\$3,000	\$4,000
Family	\$4,500	\$6,000
Member pays Co-insurance	10%	40%
<b>Preventive Services</b> Plan Pays	100%	Not Covered
All Other Services	Deductible/co-insurance	Deductible/co-insurance

# Who Benefits

- Several groups of employees may benefit from the Commonwealth Select Option such as:
  - Healthy individuals/families who use very little benefits
    - Approximately 30% of the KEHP members use less than \$500 per year in health care expenses
  - Individuals/families who meet their out-of-pocket maximum each year



## Examples of How Commonwealth Select May Benefit You

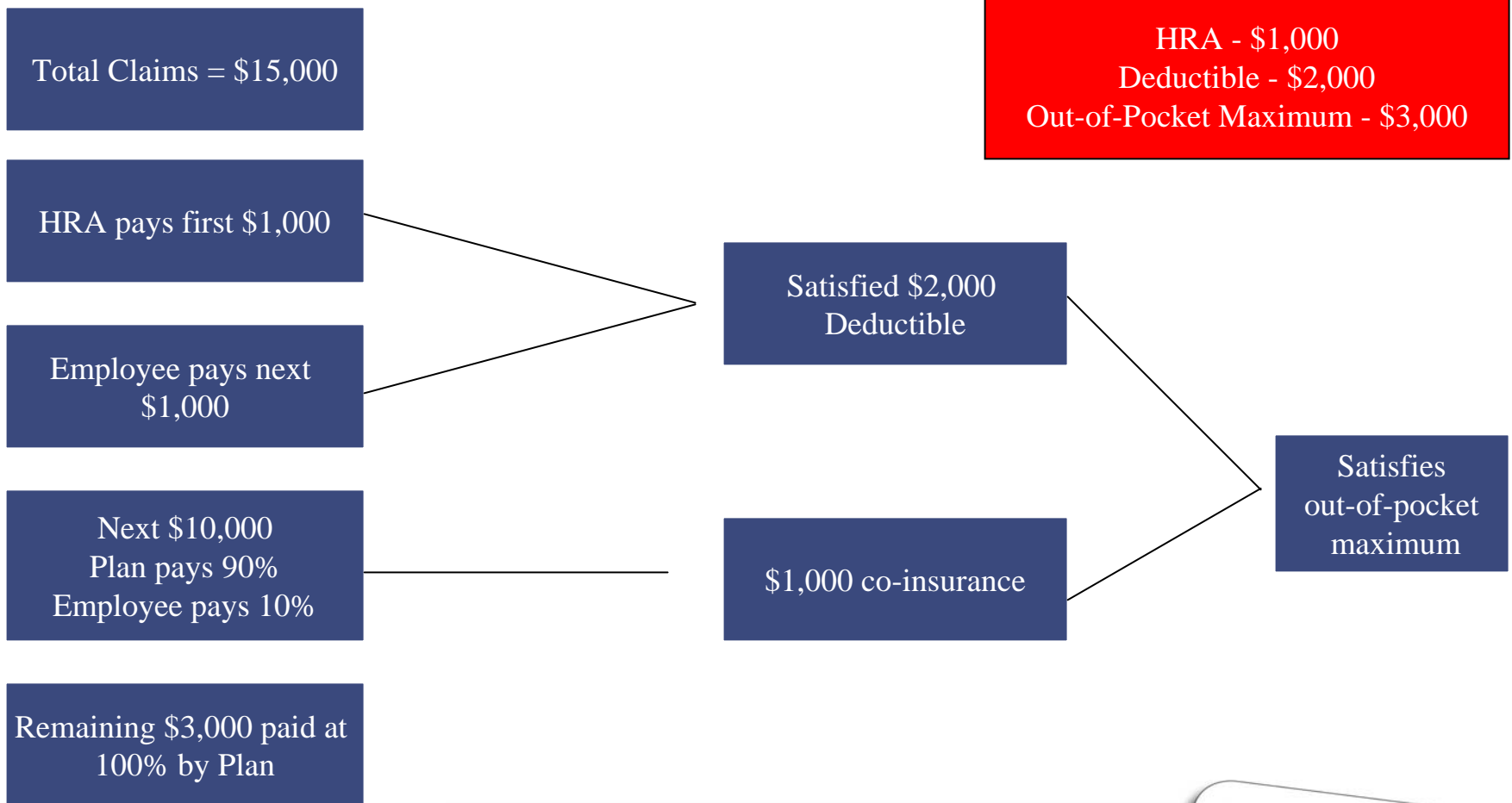
- Let's look at the 30% who use less than \$500 per year first:
  - For a Single Plan, the employer will fund \$1,000 to an HRA
  - Unused HRA funds will roll over to the next year as long as the member remains on the Commonwealth Select Option
  - If the member only used \$500 in the 2007 Plan Year, in January of the next plan year, he/she would have \$1,500 in the HRA. This could continue for several years building up the amount of HRA funds

# Examples

- Kelly enrolls in Commonwealth Select with a \$1,000 “spending account”:
  - She has minor surgery at an in-network facility
  - Humana calculates the provider discount; Kelly’s doctor bills her \$375
- Kelly writes her HumanaAccess card number on the bill and sends it back to the doctor
  - The \$375 paid with her HRA also applies to her deductible
- Kelly’s out-of-pocket costs total \$0
  - Kelly still has \$625 left in her HRA
- Kelly’s doctor prescribes a prescription drug
  - Kelly swipes her HumanaAccess card at the pharmacy to cover the cost of the drug

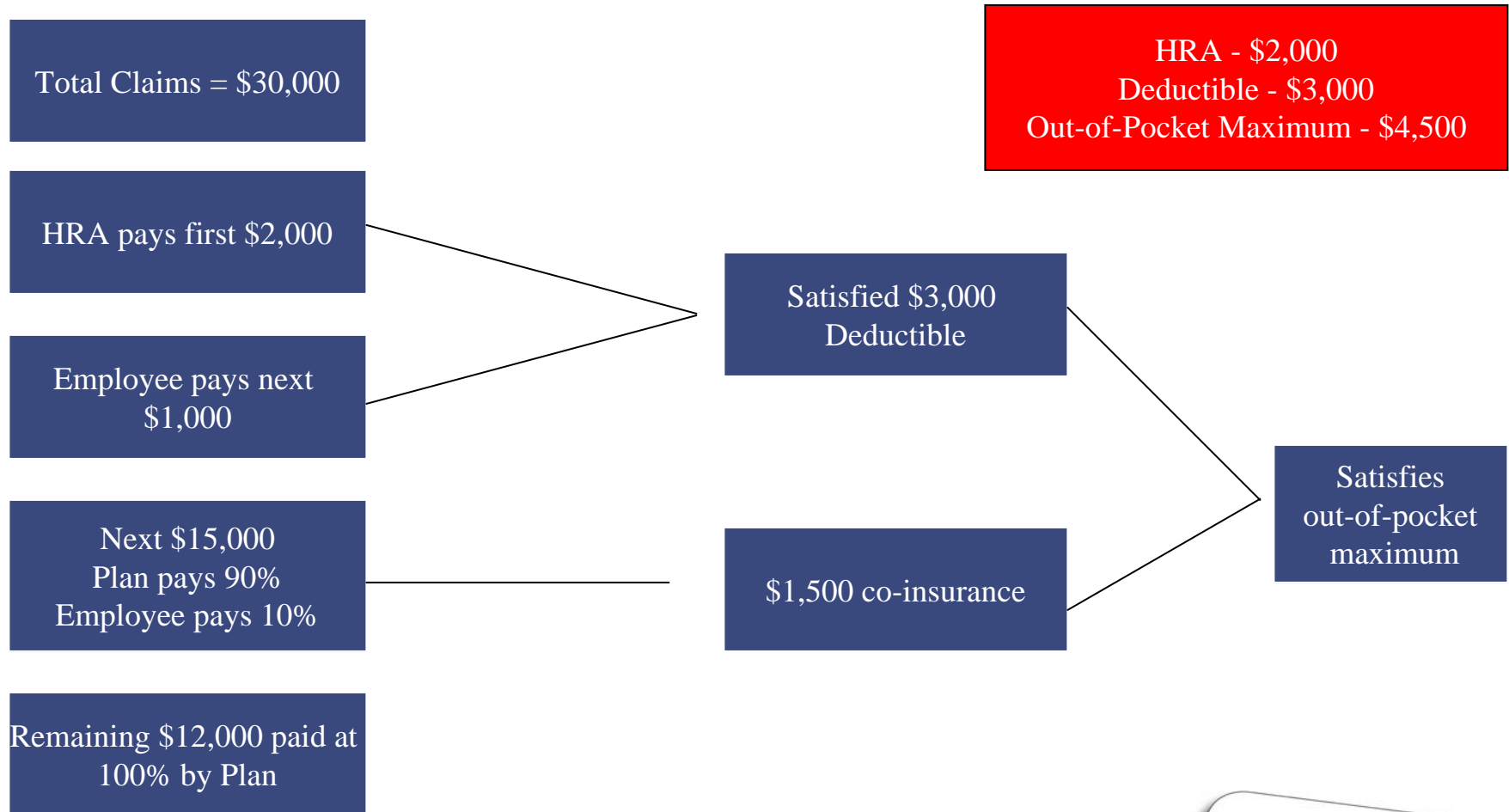
# Example

## Single Employee - \$15,000 Expenses



# Example

## Family - \$30,000 Expenses



# Premium Savings

Commonwealth Enhanced Family Contribution	\$454.72
Commonwealth Select Family Contribution*	\$341.58
Monthly Savings	\$113.14
Annual Savings	\$1,357.68

# Stand Alone HRA

- Available only to employees who waive
- Replaces FSA for employees who waive
- Only employer money contributed to HRA
- Funds may be used to pay for over-the-counter drugs, vision and dental
- Works just like FSA except unused funds will roll to next plan year if members continue to waive

# FSA

- FSA will still be available in 2007
- No employer funding – all FSA funding will be employee money
- Annual maximum to be contributed to healthcare FSA is \$2,880
- Maximum dependent care based on income tax filing status (remains the same as current plan)

# How a Flexible Spending Account works

This example shows how an FSA increases your take-home pay

	Mary without FSA	Pamela with FSA
<b>Yearly income</b>	<b>\$30,000</b>	<b>\$30,000</b>
Minus health care FSA \$ from paycheck	\$0	-\$1,700
Taxable income	\$30,000	\$28,300
Minus taxes	-\$4,310	-\$3,895
Take-home pay	\$25,690	\$24,405
Medical expenses	-\$1,700	from FSA
Spendable income	\$23,990	\$24,405
<b>Free money (tax savings)</b>	<b>\$0</b>	<b>\$415</b>



# HumanaAccess<sup>SM</sup> Visa<sup>®</sup> card

FSA/HRA

- When you choose Commonwealth Select or put money in a health care FSA, you will receive a HumanaAccess Visa card (If you have an HRA and the Commonwealth Choice FSA, the money is drawn from your FSA first)
- Draw money from the account by swiping the card at the pharmacy or writing the number on a provider's bill
- The card can be used only for eligible expenses at certain locations like doctor's offices, hospitals, and participating pharmacies
- The card puts control and convenience in your hands – shop for health care the same way you shop for other goods and services
- The Humana Access Card will work for both the HRA and the FSA

# Quick, convenient access to your funds

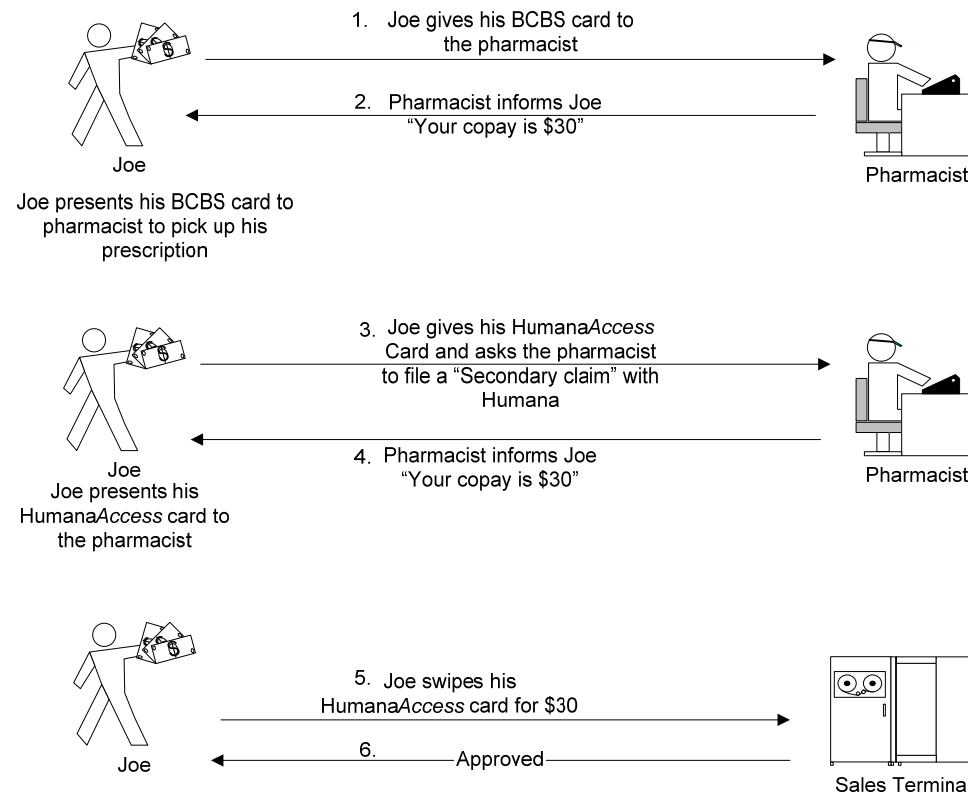
FSA/HRA

- Important points to remember
  - Activate your card right away
  - Press CREDIT when you swipe it, even though it is a debit card. The card does not have a PIN
  - If your charge exceeds the amount available in your HRA, the Humana Access Card transaction will be declined
  - Keep the card until the end of your plan year, even if funds have been depleted in case you need information provided on the card



# Using Access Card at Pharmacies – ‘Waivers’ Only

Joe is a Commonwealth employee who did not enroll into a Humana medical plan, but elected a standalone HRA. To use his HRA funds, Joe received a HumanaAccess Visa Debit Card. Joe also has a BCBS medical plan through his wife. Joe's HumanaAccess card can be used at the pharmacy as shown below:



## Using Access Card at Pharmacies – ‘Waivers’ Only

- Call 888-894-2201 to activate your swipe card
- Present your primary insurance card to the pharmacist to identify your copayment
- Ask pharmacist to follow instructions on Access card to request confirmation of funds from Humana
- Swipe your card through credit card machine
- Select ‘credit’ for your transactions
- Sign and save your receipts!
- Log into [kyhealthplan.humana.com](http://kyhealthplan.humana.com) under “MY BENEFITS” to view your fund balances (or call 1-800-604-6228)

# Save your receipts

- It is important to save all itemized receipts
  - The IRS requires proof (substantiation) that expenses are qualified under your plan's benefits
  - Humana automatically verifies transactions, in most cases, as they occur. However, Humana may ask members to submit receipts for verification of an expense
  - Always save all receipts and explanation of benefits (EOB) in case Humana contacts you to verify an expense that could not be matched automatically in our system
  - If a refund is needed:
    - card should be credited by the provider
    - if providers refunds the member directly the member will be required to refund the card (per IRS guidelines)

## Qualifying Events: Changing Levels of Coverage and Balances w/ HRA

- Member has single coverage.
  - HRA allowance = \$1,000. Member uses \$500.
  - Qualifying event to enroll with family coverage.
  - HRA allows \$2,000 but \$500 is deducted from total.
  
- Member has family coverage.
  - HRA allowance = \$2,000. Member used \$1,000.
  - Qualifying event to switch to single coverage.
  - HRA allows \$1,000. Member has used balance for the year.

# Making health benefits easier to understand and use: *MyHumana*

- *MyHumana* helps you find information you need, 24 hours a day, 7 days a week
- Easy access through **kyhealthplan.humana.com**
- Password-protected security
- Links to:
  - Medical and Rx claims
  - Benefit information
  - Physician Finder Plus
  - Condition Centers
  - PHA – Personal Health Analysis

## Making health benefits easier to understand and use: Decision Tools

- My Decision Tools are accessible 24/7 through *MyHumana*
- How much have I spent? – tracks your health expenses throughout the year
- What will it cost me to have...? – estimates your costs for various medical and surgical services
- How much will I spend? – estimates your costs for the rest of the year, based on health services you think you'll need





## Making health benefits easier to understand and use: other helpful resources

- HumanaFirst®: 24-hour toll-free health information line at 1-800-622-9529
- Automated Information Line: Quick and easy way to get answers to general questions – call Humana Customer Service at 877-KYSPIRIT (877-597-7474)



# HUMANA®

**Guidance when you need it most**

Humana Plans are offered by the Family of Insurance and Health Plan Companies including Humana Medical Plan, Inc., Humana Employers Health Plan of Georgia, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Health Plan of Ohio, Inc., Humana Health Plans of Puerto Rico, Inc., Humana Wisconsin Health Organization Insurance Corporation, or Humana Health Plan of Texas, Inc. – A Health Maintenance Organization or insured by Humana Health Insurance Company of Florida, Inc., Humana Health Plan, Inc., Humana Health Benefit Plan of Louisiana, Inc., Humana Insurance Company, Humana Insurance Company of Kentucky, or Humana Insurance of Puerto Rico, Inc. or administered by Humana Insurance Company

For Arizona Residents: Offered by Humana Health Plan, Inc. or insured or administered by Humana Insurance Company

Please refer to your Certificate of Coverage/Insurance or Summary Plan Description for more information on the company providing your benefits.